

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 AID-05 AGRE-00 SS-15 L-03 H-01
CIAE-00 COME-00 EB-08 FRB-03 INR-10 NSAE-00
TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 OMB-01 STR-07
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FM AMEMBASSY LUSAKA
TO SECSTATE WASHDC IMMEDIATE 8253

C O N F I D E N T I A L LUSAKA 1470

E.O. 11652: GDS
TAGS: EAID
SUBJ: KAUNDA VISIT: ECONOMIC ASSISTANCE

1. PRESIDENTIAL ECONOMIC ADVISOR, DOMINIC MULAISHO RETURNED TO ZAMBIA ON SAME FLIGHT WITH AMBASSADOR LOW ON APRIL 23/24. DURING THE TRIP, HE DISCUSSED WITH AMBASSADOR PRESIDENT KAUNDA'S UPCOMING VISIT TO US AND OFFERED COMMENTS ON HOW MAXIMUM IMPACT AND BENEFIT COULD BE ACHIEVED FOR BOTH ZAMBIA AND US. MULAISHO PHONED THE AMBASSADOR ON APRIL 26 TO CONFIRM THE CONVERSATION--OBVIOUSLY AFTER DISCUSSING IT WITH THE PRESIDENT.

2. ON THE PLANE, MULAISHO EXPRESSED HOPE THAT PRESIDENT CARTER WOULD USE THE OPPORTUNITY TO OUTLINE US ASSISTANCE TO ZAMBIA IN TERMS THAT PRESIDENT KAUNDA COULD USE ON HIS RETURN AS AN INDICATION OF SUBSTANTIAL US SUPPORT FOR ZAMBIA. MULAISHO RECOGNIZES THAT THE VISIT WILL NOT BE THE OCCASION FOR ANNOUNCING MAJOR NEW PROGRAMS OR LEVELS OF SUPPORT BUT BELIEVES PRESENT AND PROJECTED ASSISTANCE COULD BE PRESENTED IN COMBINED FORM WITH SIGNIFICANT IMPACT. HE SUGGESTED THAT PL 480 IS AN AREA WHERE SOME ADDITIONAL ASSISTANCE MIGHT BE OFFERED.

3. ZAMBIA ORIGINALLY REQUESTED OVER \$50 MILLION IN PL 480 ASSISTANCE THIS FISCAL YEAR. WASHINGTON AGENCIES RESPONDED WITH
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A MINIMUM OFFER OF JUST OVER \$4 MILLION. FOLLOWING A VISIT BY AID REGIONAL FOOD FOR PEACE OFFICER, EMBASSY SUBMITTED A JUSTIFICATION BASED ON DETERMINED NEED FOR A \$13 MILLION PROGRAM WHICH WOULD STILL RESPECT UMR REQUIREMENTS. WITH SOME FLEXIBILITY IN THE UMR, WE BELIEVE A HIGHER LEVEL COULD BE JUSTIFIED. MULAISHO IS SUGGESTING AN INCREMENT THIS YEAR AND A SIMILAR

LEVEL FOR FY 1979 WHICH WOULD TOTAL BETWEEN \$30-40 MILLION FOR THE TWO YEARS. EMBASSY RECOGNIZES THAT PRODUCTION AND CONSUMPTION FIGURES FOR PL 480 ASSISTANCE OF THIS MAGNITUDE WOULD REQUIRE AN ADJUSTMENT TO, OR WAIVER OF, THE UMR REQUIREMENTS BUT WE BELIEVE THIS COULD BE JUSTIFIED.

4. THE US RECENTLY SIGNED A CIP LOAN OF \$30 MILLION FOR FY 1978. WE UNDERSTAND THAT CONGRESS HAS APPROVED THE AID SUBMISSION OF \$20 MILLION FOR FY 1979 AND ADDED ANOTHER \$20 MILLION FOR SOUTHERN AFRICA OF WHICH PERHAPS \$10 MILLION MIGHT BE AVAILABLE FOR ZAMBIA. THUS, OUR TWO YEAR TOTAL CIP WILL BE APPROXIMATELY \$60 MILLION. THE EMBASSY'S SUBMISSION FOR 1978 PL 480 OF \$13 MILLION WHICH COULD BE PROJECTED FOR TWO YEARS, WOULD BRING THE TOTAL TO \$86 MILLION. IF A WAY COULD BE FOUND TO BOLSTER THIS AMOUNT BY AS LITTLE AS \$7 MILLION A YEAR, THE TOTAL FOR THE TWO YEARS COULD REACH \$100 MILLION. SUCH A FIGURE WOULD HAVE A GREAT ECONOMIC AND POLITICAL IMPACT HERE.

5. EMBASSY WILL NOT USE THIS MESSAGE AS OCCASION FOR POLITICAL JUSTIFICATION FOR SUCH A STATEMENT OF ASSISTANCE LEVEL. THE DEPARTMENT IS AS ABLE TO DO THAT AS WE. HOWEVER, IN SUBSEQUENT MESSAGES ON THE VISIT IN THE NEXT FEW DAYS, WE WILL BE POINTING OUT THE IMPORTANCE OF THIS ASPECT OF IT.

LOW

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